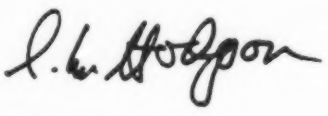
BC Transit

BC Transit

The Honourable Grace M. McCarthy
Minister of Human Resources
Province of British Columbia
Victoria, B.C.

Madam:

I have the honour to submit the Annual Report of British Columbia Transit covering the period 1 April 1984 to 31 March 1985.



Stuart M. Hodgson
Chairman
BC Transit
June 1985

Board of Directors

Mayor Derrick Humphreys
District of West Vancouver
(1982-)

Alderman Frank Carson
City of Victoria
(1981-)

Alderman May Brown
City of Vancouver
(1980-)

Mayor John J. Agnew
District of Mission
(1981-1985)

Alderman Alan Emmott
District of Burnaby
(1981-1985)

Mayor Charles Lakes
City of Trail
(1982-)

Mayor William Lewarne
District of Burnaby
(1984-)

Mayor Elmer Mercier
City of Prince George
(1982-)

Mayor Mel Couvelier
District of Saanich
(1982-1984)

Alderman Warnett Kennedy
City of Vancouver
(1980-1985)

Mayor Ken Hill
Township of Esquimalt
(1984-1985)

Alderman Gordon Campbell
City of Vancouver
(1984-1985)

Mayor Lyall Hanson
City of Vernon
(1984-1985)

Executive Staff

Lawrence Miller
General Manager

R.G. (Bob) Lingwood
Assistant General Manager
Corporate Services

Dennis Cooney
Assistant General Manager
Finance

Larry Ward
Assistant General Manager
Planning and Marketing

Dale Olm
Executive Director
Labour Relations

Michael O'Connor
Administrator
Rapid Transit Project

Cover: SkyTrain leaves Main Street Station as sunlight reflects off Expo Centre dome during rapid transit testing in the summer of 1985.

CHAIRMAN'S REPORT

The past year has been one of anticipation and achievement. Midway through the year, we experienced the accomplishment of a settlement in the prolonged labour dispute in Vancouver and Victoria. Transit patrons, businesses and Metro Transit Operating Company staff were satisfied with the results. Achieving the accord with the Independent Canadian Transit Union was due in part to the infusion of new direction to the metro operations group. In early September, Mr. Stuart Hodgson was appointed Chairman of the MTOC Board and subsequently played a major role in bringing both sides together to negotiate the settlement.

I must acknowledge the contribution of the former Chairman of MTOC, Mr. Bill Reid. Also a former BC Transit Board member, Mr. Reid gave many hours to the delivery of transit services in the two metropolitan areas.

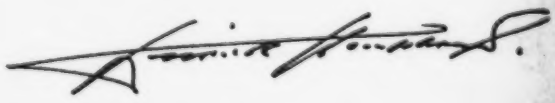
The announcement of Mr. Hodgson's appointment included a statement that, as government policy, BC Transit and MTOC were to be merged. As a board we have been waiting with anticipation for the legislation that will create the revised corporate structure. Now that Bill 38 has been passed and received royal assent we are looking forward to the specific implementation plans that will streamline the structure of transit in Vancouver and Victoria. The next few months will be a new challenge and as chairman of the present Board I wish Mr. Hodgson well in his task.

During this retrospective, we can look back proudly on the completion of the construction phase of the Advanced Light Rapid Transit project. Testing and commissioning are now well underway and everything is following schedule. The ALRT project is on time and on budget.

For this and for the improvements in over-all performance of the 52 transit operations throughout the province, I congratulate the staff. Their work has kept BC Transit a leader in the public transportation field in North America.

The year ahead is filled with challenges that we know will result in continually improved transit service for British Columbians. Many of our most pressing problems in the area of bus maintenance facilities — in particular the most urgent need for a new facility in West Vancouver — will be corrected, and the asset modernization and replacement program that we embarked on some years ago will be almost complete.

I thank the members of this Board for their application, their understanding and their advice during the past year.



Mayor Derrick Humphreys
Chairman

GENERAL MANAGER'S REPORT

The past year has been one of continued refinements of bus systems throughout the province. For example, even during the transit shutdown, planning began for the massive reorganization of the bus system which will take place in conjunction with the opening of ALRT in 1986.

Custom transit systems thrived and improvements through computer-aided dispatching in Victoria and Kamloops enhanced delivery. Marketing efforts after the labour disruption resulted in virtually no measurable loss of patronage, unlike the changes experienced elsewhere. Promotion in Vancouver and Victoria of bus passes helped ensure this process.

Asset management groups continued to bring program elements up to code. Bus garage renovation projects in Surrey, North Vancouver and Oakridge await Treasury Board authorization. Work began on the long-awaited major overhaul centre after completing a complicated acquisition of an existing building that will be converted. Now planned to open in 1986, this means that the Cambie Street facility can be closed. Also awaiting Treasury Board approval is the MacKay Creek facility that will replace the outdated West Vancouver garage. Although bus acquisition was not required, staff were busy with the ongoing Flyer retrofit program and the support of the maintenance efforts of operators throughout the province.

The ALRT system came closer to completion during the year with the erection of the last beam in January. The project will be on time and on budget. Property acquisition efforts were being tied up and the plans for disposal of surplus lands were presented to the Board. Bus loop and station integration designs were in the final stages of completion at year-end. Testing and commissioning has begun, and people from all over the world are coming to see the most advanced light rail system now being built.

The past year has indeed been an active one, with progress achieved in all program areas.

Larry Miller
General Manager

Flyer trolley stops at Georgia Street on Granville Mall, Vancouver's transit-only downtown thoroughfare.

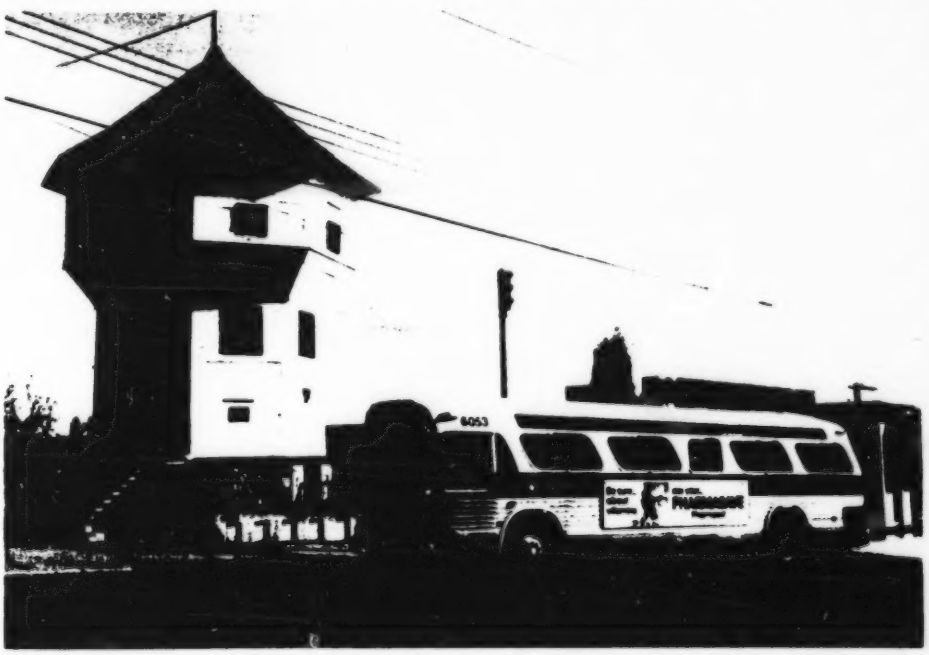
CORPORATE SERVICES

Labour Relations and Personnel

In the area of labour relations, there were several important achievements. A two-year collective agreement was reached with the employees of BC Transit represented by the B.C. Government Employees Union, through the mediation process.

A provincial labour relations committee was formed of the small community transit operating companies, to assist in the formation of a provincial labour relations strategy. At the same time, a research database of small community collective agreement provisions was compiled, which permits for the first time a comparative cost analysis of different contract items.

Much time and effort was spent on the Section 37 common employer issue heard before the Labour Relations Board, which ultimately decided that BC Transit and Metro Transit Operating Company were a common employer. It established an important precedent, but with the merger of the two organizations the practical impact of the decision has not been significant.



The Hudson's Bay Co. bastion has been a symbol of Nanaimo since 1853. Transit system is operated by Regional District of Nanaimo.

Properties

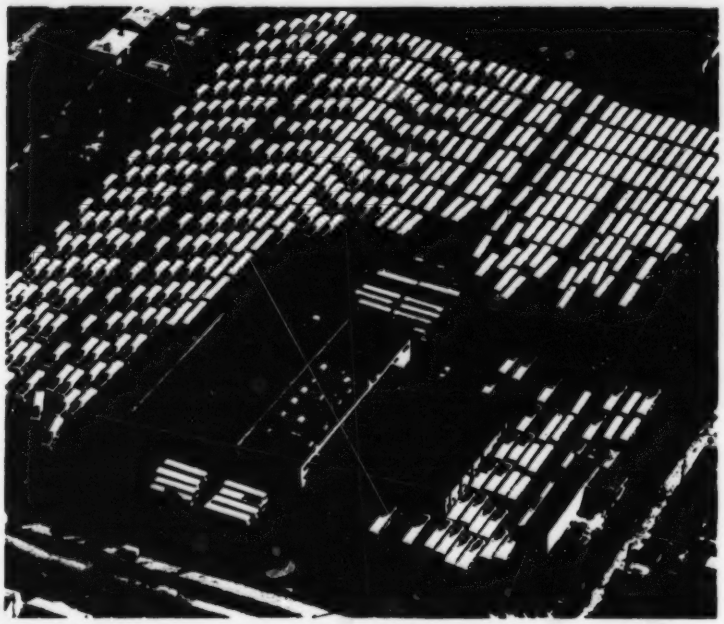
The most important transit capital project outside the construction of the Advanced Light Rapid Transit system was started during the year, the new heavy maintenance centre for the Vancouver Regional Transit System. BC Transit purchased the former Canadian Kenworth trucking plant in Burnaby as the site of the Kitchener Transit Centre to replace the Cambie garage as the main overhaul facility for Vancouver's fleet of 650 diesel buses. Cambie has been in use continuously for bus maintenance since it was built in 1929.

Human Resources Minister Grace McCarthy, the minister responsible for BC Transit, presided at a ground-breaking ceremony in March, 1985 and a $7.74 million contract for the project was awarded shortly after to Armeco Construction Co. Completion is scheduled for April, 1986.

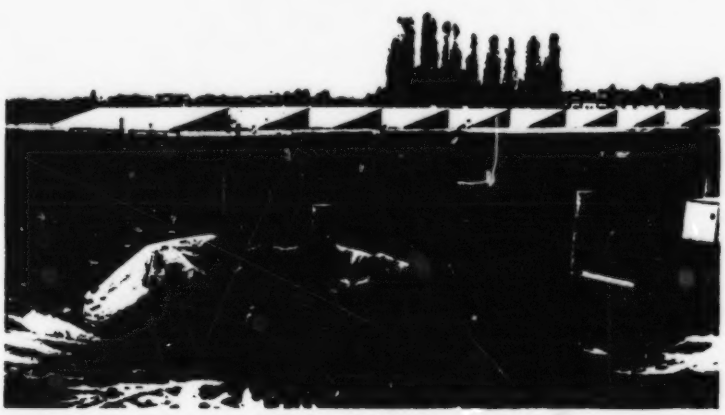
The new centre will also be the headquarters for Burnaby and New Westminster bus operations. Financing of the Kitchener Transit Centre is original, in that proceeds from the sale of the 3.7-acre Cambie site and Kensington Transit Centre in Burnaby will provide part of the cost.

The properties division also facilitated the development of the False Creek Transit Centre in Vancouver, which replaced the old Carrall Yards, now part of the Expo 86 site, and both the Vancouver lost property centre and MIS computer facility were relocated to new offices during the year.

It was also a year of planning for the replacement of much of the Vancouver trolley overhead wire network, and for extensions totalling several kilometres to bring trolleys to ALRT stations in east Vancouver and Burnaby. These will be the first substantial additions to the trolley system in several decades and the only major electric trolley expansion anywhere in North America.



Oakridge Transit Centre at 41st Avenue and Oak Street is the main operating centre of the Vancouver Regional Transit System, housing 245 trolleys and additional diesel buses.

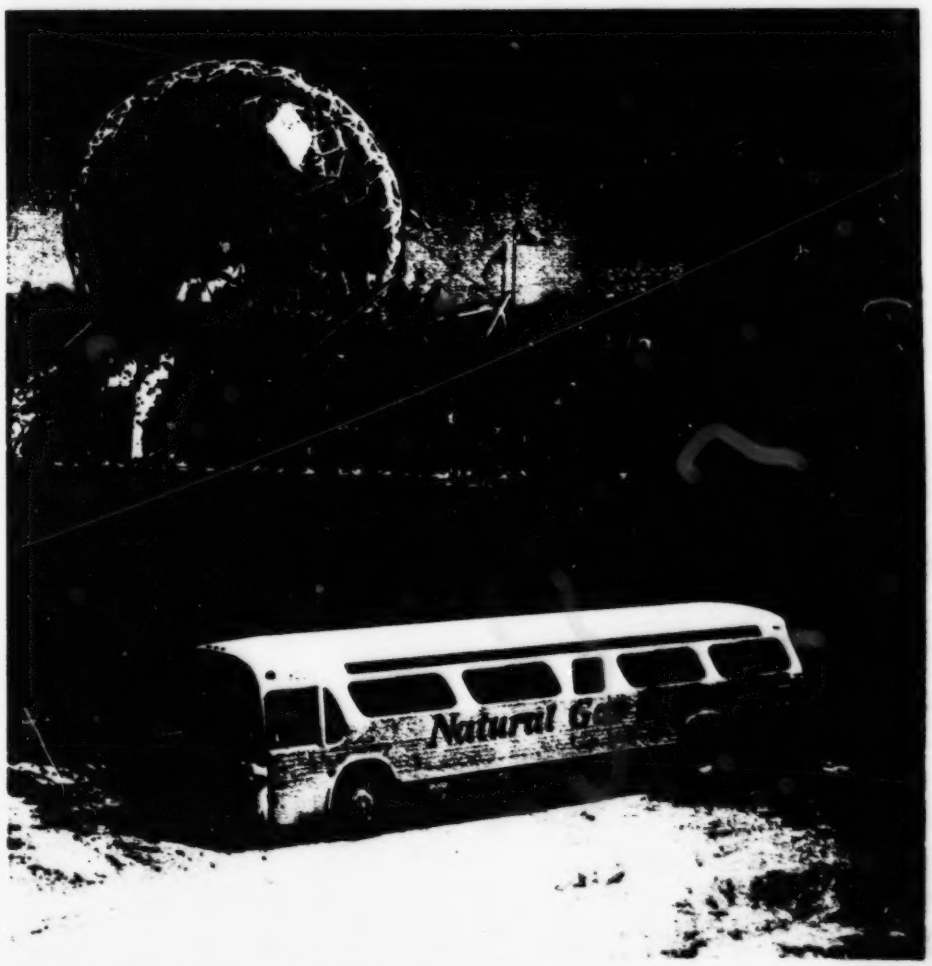


Kitchener Transit Centre, a replacement for the old Cambie Garage, commenced construction in the spring of 1985.

It was a year in which no new buses or custom transit vans were acquired, while activity was concentrated on an accelerated retrofit program to improve the insulation on the 245 new Flyer trolley buses in the Vancouver system. The buses had experienced problems during winter conditions when road salt is applied to city streets. The work was being carried out by BC Transit staff at the Oakridge Transit Centre, under warranty at the manufacturers' expense.

The new Flyer buses replaced the old Brill trolleys, and the possible sale of the Brills to other transit properties was explored. When no interested buyers appeared, the old Brills were disposed of locally for their scrap metal value. This closed a 38-year chapter in Vancouver's transportation history.

A joint experiment with B.C. Hydro to evaluate the merits of dual-fuel propulsion for transit buses was initiated. A surplus GM transit bus was provided to Hydro's gas division for a test of compressed natural gas-diesel fuel operation, and the initial results promised the possibility of considerable savings in fuel costs.



B.C. Hydro converted 20-year-old BC Transit bus to run on natural gas-diesel combination. Test showed potential fuel savings of more than 40%.

FINANCE

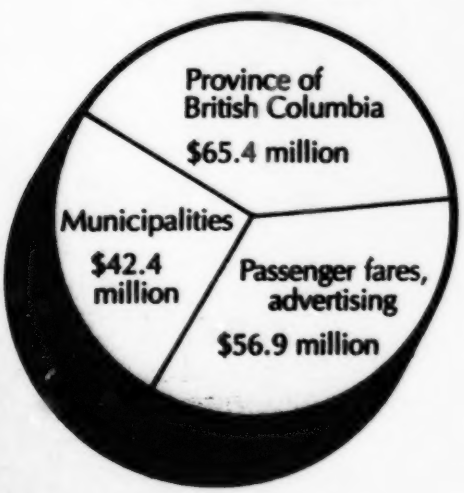
The year was an active one for the finance division, as financial reporting was switched over to microcomputer systems. Programs developed for BC Transit in cash management, capital project accounting and vehicle lease areas enable the division to provide much more timely and cost-effective information to managers for project analysis and management reporting.

BC Transit's asset base increased by $343 million to $1,014,212,000 during the year, mainly due to the impact of the Advanced Light Rapid Transit project. In the treasury area, the authority secured $118,070,000 in long term debt for ALRT capital financing, through the placement of three separate issues. BC Transit also increased its short-term borrowings by $145,230,000 through the province of British Columbia commercial paper program, increasing the total short-term borrowing to $245,223,000.

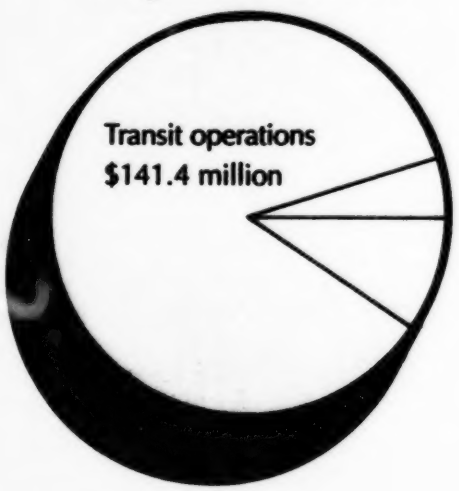
It was also the first year of BC Transit's administration of the regional transit funds in Victoria and Vancouver. In the capital, the Victoria Regional Transit Commission imposes a hydro surcharge while the Vancouver Regional Transit Commission employs a residential hydro surcharge, an equivalent property tax on commercial and industrial property and a gasoline tax of .9 cents per litre. A total of $32,617,000 was raised through these charges in both regions during the year.

BC Transit 1984/85

Revenues



Expenditures



Vehicle lease fees
$15.6 million

Other
$ 7.7 million

Vancouver Regional Transit System

Sea-Bus tourist brochure won first prize in the APTA Ad Wheel graphic design competition for 1984.

The three-month shutdown of the Vancouver Regional Transit System during the summer of 1984 affected significantly the performance statistics by which effectiveness and efficiency in transit are usually measured. Fixed costs continued during the period without bus service, thus comparisons with the previous year are somewhat distorted.

Ridership dropped 27% over 1983/84. However, total expenditures were only 8% lower, because of the impact of fixed costs such as vehicle lease fees, administration costs, taxes and insurance. Thus both cost per ride and cost per hour are considerably higher than in the previous year. Cost recovery declined to 35% from the 39.5% level achieved in 1983/84 because of lower ridership. The system carried 65,648,051 passengers, compared with the previous year's total of 90,230,000 but by year-end monthly ridership and revenue totals had returned to pre-strike levels.

The Vancouver planning and marketing staff began the important task of planning for the integration of the bus system with ALRT, a major re-organization of the transit network in east Vancouver, south Burnaby and New Westminster that will take 15 months to implement from the time rapid transit starts up in January, 1986. It will result in a saving of almost 100 buses.

The first of a continuing series of area transit plans was implemented in December 1984 on the North Shore, with the intention of funnelling more bus passengers to the Sea-Bus terminal at Lonsdale Quay in the midday and evening periods when there is capacity on the ferry service. In March 1985 additional area plans were established for White Rock-South Delta and the Northeast sector of the region, resulting in more bus service on the major commuter corridors and new routes in several areas of Coquitlam.

At the beginning of the fiscal year, the basic adult fare increased by 10 cents to 85 cents and the system returned to a zone system. Zone fares are charged during the morning and afternoon rush hour periods on weekdays; weekends and holidays a flat fare is in effect. FareCard was made transferable and the photo ID requirement was dropped, making the monthly passes more attractive for regular bus riders.

Vancouver also won a first-place award in the American Public Transit Association Ad-Wheel competition, in the over-500,000 population category, for its Sea-Bus tourist brochure.

North Vancouver bus at new Lonsdale Quay transit exchange, where passengers transfer to Sea-Bus.

During the year, replacement of Vancouver's electric trolleys with new Flyer buses was completed.

West Vancouver

The bus service operated in West Vancouver by the municipal transportation department continued throughout the shutdown of bus service in the rest of the Vancouver region, and achieved improved performance levels, including a cost recovery of 48.7% which is the highest of any BC Transit system.

Buses carried just under 3,000,000 passengers while total costs were $3.9 million. BC Transit assumed responsibility from the municipality for planning of the West Vancouver service.

Custom Transit handyDART

For the Vancouver handyDART system, 1984/85 was a year of growth in ridership and improved productivity. The nine handyDART operators carried 382,435 disabled passengers, 2.5% more than in 1983/84 while expenditures were $4.3 million. Service productivity improved 2.3% to better than 2.3 trips per hour.

In Vancouver, handyDART made almost 400,000 trips for disabled people.

Victoria Regional Transit System

The most significant event during the 1984/85 year was the three-month shutdown of service caused by a contract dispute. It had an impact on every aspect of the Victoria Regional Transit System's financial status. Total costs were $15.9 million, including retroactive contract settlements for the Independent Canadian Transit Union.

Revenues were down 29% over the previous year and ridership declined 31% but by year-end both had recovered to near pre-shutdown levels. Annual ridership was 9.8 million passengers.

The Victoria Regional Transit Commission implemented several recommendations to improve service efficiency, reducing the over-all hours of service provided by about 7% to 363,800 hours annually. Major bus service changes during the year included improved service to the University of Victoria, the system's second most important destination after downtown, the Western Community and Sooke and a new rush-hour express service to and from Sidney.

Fares and taxation levels remained unchanged as the commission opted to use some of its transit fund to absorb increased local costs due to the shutdown. Also notable was the first place award in timetable design in the Friendship Publications Inc. international timetable and transit guide graphic competition.

Custom Transit

Productivity improved by 25% in the Victoria handyDART system to a new level of 2.6 passenger trips per hour. Much of the increase came about as a result of the computer registration system introduced in 1983/84, which has reduced paperwork and improved dispatching and scheduling of Victoria handyDART's ten vehicles. Some 52,400 passengers used the service, an increase of more than 39% over the previous year, while total costs rose 17% to $549,589.

Victoria Regional Transit System repeated the successful Bowman Bus promotion in October, as morning radio show was broadcast from a moving bus.

Victoria handyDART provided free transportation in November for Operation Wheelchair. Dorothy Davy (left) and Elizabeth Rayner got out to do Christmas shopping.

Small Communities

For the 22 conventional transit systems in the communities outside the metropolitan regions, 1984/85 was a year of improved productivity and cost recovery, while ridership declined slightly. Seven million passengers rode transit during the year, about 50,000 fewer than 1983/84, but service hours were also reduced during the year so that rides per hour, an important measure of productivity, increased marginally. In the last quarter of the fiscal year, a dramatic turnaround in ridership was evident, and by year-end ridership was up in a number of systems, reversing a no-growth trend that had gone on for three years. The largest gains, between 10% and 30%, were in Terrace, Kitimat, Powell River and Campbell River, and significant increases were also recorded in a further six systems, including Prince George, Nanaimo and Kootenay Boundary (Trail).

Another highlight of the year was an increase in cost recovery (the portion of transit operating costs covered by passenger fares) from 23.6% to 26.1%. This is the largest one-year change in this important indicator since 1979/80.

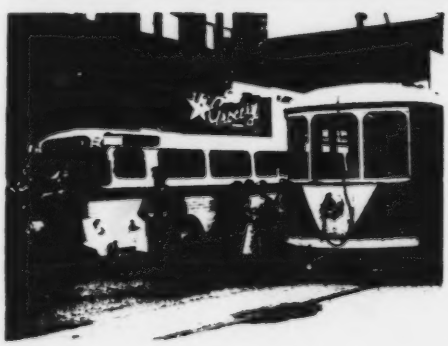
Total expenditures in the 22 systems during the year were $13.6 million, 2.7% below budget. In co-operation with the municipalities, BC Transit implemented service adjustments and re-allocations to meet changing budget requirements.

BC Transit celebrated in 1984 with the City of Nelson to mark the 85th anniversary of the establishment of its transit system, which began in the same decade as Victoria's and Vancouver's and is the oldest among the small communities. Streetcars began operating in the Kootenay mining centre late in 1899 and since 1914 it has been a public transit system owned and operated by the municipality. Nelson joined the BC Transit program in 1979.

In total a fleet of 124 buses provided a public transit service to communities throughout B.C. with a combined population of half a million residents.

A Westsyde bus joins morning traffic on the Overlander Bridge, heading into downtown Kamloops.

Dusk at Aberdeen Mall, one of the major transit destinations for Kamloops Transit System.



Nelson switched to buses on June 20, 1949 after almost half a century of streetcars.

Custom and Paratransit

The strong growth of recent years in the 18 small community custom and paratransit systems continued through 1984/85. In total, 233,600 trips were made, an increase of 13.8% that was achieved through a slight increase in hours of service and significant productivity gains by the operators. There was a similar increase in revenues as cost recovery moved up to 17.7%, a new high for the program.

Expenditures for custom and paratransit systems totalled $1.4 million, 2.9% above 1983/84. This was due primarily to higher labour and fuel costs. On average, the 18 systems carried four passengers per hour, representing a 5% productivity gain, while the cost per trip declined by almost 10%.

Kamloops Transit manager Tony Lorage and driver at the transit system's north Kamloops garage.

Prince George Transit bus crosses the Nechako River in early spring.

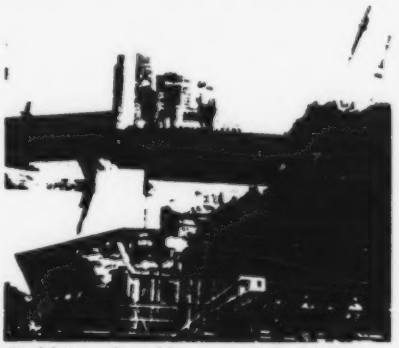
RAPID TRANSIT

Construction of the $854 million Vancouver Regional Rapid Transit system was nearing completion by year-end. The 22 kilometre guideway for the line, from downtown Vancouver to New Westminster, was finished early in 1985 and the first trains operated on the Edmonds section of the line in March as the extensive testing and commissioning phase geared up.

Some of the stations were built by year-end and planning work on the integration of the bus system with ALRT was well-advanced.

On the financial side, the project continued under budget and was scheduled to be completed on time for the January, 1986, opening for revenue service.

The minister responsible for the project, Grace McCarthy, announced a new funding formula to take effect when the system becomes operational. A $275 million secondary highway grant from the Province of British Columbia will pay for the cost of the guideway, reducing the over-all capital cost of the project and thus the impact on local taxes.

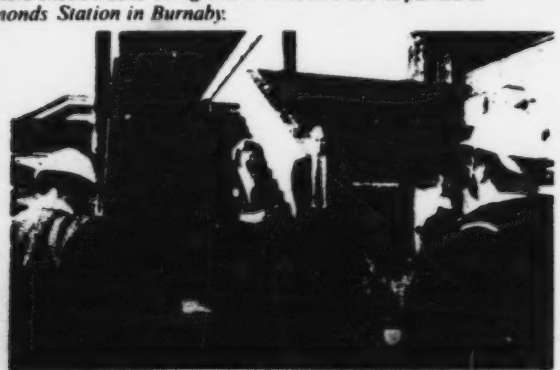


Prefabricated steel beam made by Victoria firm bridges the Grandview Cut, highest point on the rapid transit line. Below is CN Rail main line.

Grace McCarthy, minister responsible for BC Transit, switches "power on" at September, 1984 ceremony marking start-up of ALRT nerve centre.

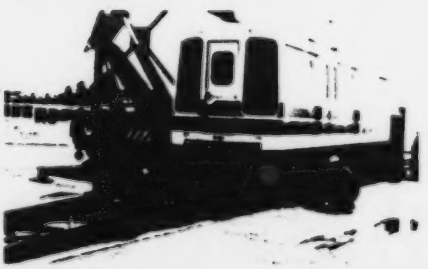
Workers check tracks along ALRT line, as train is parked at Edmonds Station in Burnaby.

Rapid transit guideway sweeps past preview section of the British Columbia Parkway in Burnaby. The parkway is a 19-km linear park paralleling rapid transit.



Vancouver media tour ALRT system in March, 1985.

Preparations for unloading one of the first ALRT cars at the vehicle control and maintenance centre in October, 1984.



BRITISH COLUMBIA TRANSIT

As at March 31, 1985

Assets

	1985 ($000)	1984 ($000)
Current Assets		
Cash and term deposits	$	$ 2,876
Accounts receivable		
Province of British Columbia	12,031	2,805
Municipalities	15,360	6,153
Sundry	913	613
Prepaid expenses	3	65
	28,307	12,512
Fixed Assets (note 3)	334	340
	28,641	12,852
Current Assets		
Cash and term deposits	2,973	55,990
Accrued interest and accounts receivable	2,177	840
Receivable from the operating division	6,870	
Parts inventory	872	855
Prepaid expenses	185	274
Current portion of mortgage receivable		100
	13,077	58,059
10% Mortgage Receivable, due March 31, 1989	700	700
Debenture Sinking Fund	4,285	399
Fixed Assets		
Land, buildings and equipment (note 4)	215,872	222,504
Advanced Light Rapid Transit (note 5)	748,799	374,434
Commuter rail	2,838	2,717
	967,509	599,655
	985,571	658,813
	$ 1,014,212	$ 671,665
Cash and term deposits	$ 12,493	$
Accounts receivable and accrued interest	2,340	
	$ 14,833	$ —

Approved by the Board

Director L. W. Hodgson Director Gray Brown

Liabilities, Equity and Fund Balances

	1985 ($000)	1984 ($000)
Current Liabilities		
Cheques issued in excess of funds on deposit	$ 3,829	$
Accounts payable and accrued liabilities	494	927
Payable to contractors	15,667	10,415
Deferred revenue	1,496	1,225
Payable to asset division	6,870	
	28,356	12,567
Equity		
Contributed surplus	285	285
	28,641	12,852
Current Liabilities		
Accounts payable and accrued liabilities	76,483	64,535
Notes payable (note 6)	245,223	100,000
Current obligations under capital leases	2,749	2,338
Current portion of long term debt (note 7)	26,800	
	351,255	166,873
Long Term Debt (note 7)	336,788	218,718
Obligations Under Capital Leases (note 8)	96,982	70,745
Deferred Revenue	686	955
Equity		
Contributed surplus	216,588	210,324
Deficit	(16,728)	(8,802)
	199,860	201,522
	985,571	658,813
	$ 1,014,212	$ 671,665
Payable to British Columbia Transit — operating division	$ 13,493	$
Accounts payable	20	
Fund balances	1,320	
	$ 14,833	$ —

Commitments (note 9)
Contingent liability (note 10)
Subsequent event (note 11)
Labour relations (note 12)

BRITISH COLUMBIA TRANSIT

Year Ended March 31, 1985

	1985	1984
Expenditures	**($000)**	($000)
Transit operations		
Operating and maintenance	**$ 141,422**	$ 158,484
Vehicle lease fees	**11,850**	8,543
Property lease fees	**3,929**	3,155
Interest and financing charges	**1,794**	1,331
Municipal administration	**257**	254
Merchandising	**667**	643
Other	**35**	31
	159,954	172,441
Authority administration		
Salaries and employee benefits	**2,822**	2,838
Office operations	**776**	771
Professional fees	**550**	460
Travel	**316**	288
Marketing	**50**	57
Personnel	**35**	30
Directors' fees and expenses	**51**	46
Depreciation	**56**	53
Sundry	**60**	53
	4,716	4,596
Research and demonstration projects		3
	164,670	177,040
Recoveries		
Contributions from the Province of British Columbia		
Transit	**65,384**	77,317
Research and demonstration projects and special services		3
Contributions from municipalities	**42,368**	32,117
Transit operations	**56,918**	67,603
	164,670	177,040
Net Expenditures	**$ —**	$ —

BRITISH COLUMBIA TRANSIT

Year Ended March 31, 1985

	1985	1984
Revenue	**($000)**	($000)
Vehicle lease fees	**$ 11,873**	$ 8,553
Other lease revenue	**4,347**	3,479
Financing charges — operating division	**1,794**	1,331
Interest earned	**238**	729
Other	**245**	13
	18,497	14,105
Expenditures		
Depreciation	**10,695**	9,943
Interest	**3,683**	1,225
Property taxes and other property expenses	**2,103**	2,361
Interest on obligations under capital leases	**8,141**	6,442
Property leases	**841**	908
Asset planning studies	**681**	
Vehicle repairs	**40**	64
Insurance	**22**	15
Other	**217**	204
	26,423	21,162
Expenditures before extraordinary item	**7,926**	7,057
Extraordinary item		
Parts inventory transferred to Metro Transit Operating Company		1,155
Net Expenditures	**7,926**	8,212
Deficit at Beginning of Year	**8,802**	590
Deficit at End of Year	**$ 16,728**	$ 8,802

Year Ended March 31, 1985

	1985	1984
	($000)	($000)
Balance at Beginning of Year	**$ 210,324**	$ 204,661
Grant from the Province of British Columbia, being equal to interest on the $55,000,000 loan payable to the Province	**6,264**	5,663
Balance at End of Year	**$ 216,588**	$ 210,324

BRITISH COLUMBIA TRANSIT

Year Ended March 31, 1985

	1985	1984
Cash Derived From	($000)	($000)
Operations		
Expenditures before extraordinary item	$ (7,926)	$ (7,057)
Add items not involving cash		
Depreciation	10,751	9,996
Loss (gain) on disposal of fixed assets	(206)	25
Amortization of bond discount	633	173
	3,252	3,137
Repayment of mortgage receivable	100	
Decrease (increase) in prepaid expenditures	151	(473)
Proceeds on disposal of fixed assets	206	6
Increase in notes payable	145,223	80,000
Increase in accounts payable and accrued liabilities	16,767	41,297
Proceeds on capital leases of vehicles and equipment	28,033	39,502
Proceeds on issue of long term debt	144,237	126,241
Increase in deferred revenue	2	1,499
	337,971	291,209
Cash Capital Applied To		
Increase (decrease) in accrued interest and accounts receivable	20,070	(5,023)
Increase in parts inventory	17	472
Increase in mortgage receivable		800
Additions to land, buildings and equipment	4,114	32,819
Additions to Advanced Light Rapid Transit	368,100	212,113
Additions to commuter rail	121	113
Parts inventory transferred to Metro Transit Operating Company		1,155
Increase in debenture sinking fund	3,886	399
Principal repayments of obligations under capital leases	1,385	2,060
	397,693	244,908
Increase (Decrease) in Cash	(59,722)	46,301
Cash at Beginning of Year	(58,866)	12,565
Cash (Cheques in Excess of Funds on Deposit) at End of Year	$ (856)	$ 58,866

BRITISH COLUMBIA TRANSIT

Year Ended March 31, 1985

	Vancouver ($000)	Victoria ($000)	Total ($000)
Fund balances transferred to British Columbia Transit April 1984	$ 5,413	$ 1,717	$ 7,130
Revenue			
Gas tax	14,500		14,500
Non-residential property tax	6,834		6,834
Power levy	6,391	3,459	9,850
Interest earned	1,202	231	1,433
	28,927	3,690	32,617
1984/85 Net transit obligation	(34,083)	(4,344)	(38,427)
Fund Balance at End of Year	$ 257	$ 1,063	$ 1,320

BRITISH COLUMBIA TRANSIT
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 1985

1. STATUS OF THE AUTHORITY

The Urban Transit Authority of British Columbia was created by the Province of British Columbia on June 29, 1978, under the Urban Transit Authority Act. The majority of the sections of the Act were brought into force by proclamation on July 20, 1978. During 1982 the title of the Act and the name of the Authority were changed to the British Columbia Transit Act and British Columbia Transit respectively.

2. ACCOUNTING POLICIES

(a) Operating division

The operating division consists of those assets, liabilities, expenditures and recoveries which relate to the provision of transit services and the administrative activities of the Authority, the deficits of which are fully cost-shareable between the participating municipalities and the Province of British Columbia in accordance with the provisions of the British Columbia Transit Act and the related regulations. The vehicle and property lease fees expensed in the operating division are those charged by the asset division for the lease of assets used in transit operations.

(b) Asset division

The asset division consists of those assets, liabilities, revenue and expenditures which relate to the revenue equipment and other physical assets owned by the Authority and leased to its contract operators for use in the provision of transit services.

(c) Fixed assets

Fixed assets have been recorded as follows:

(i) Fixed assets transferred from the Province of British Columbia in fiscal year 1980, at appraised value. This appraisal for revenue vehicles was carried out by General Appraisal of Canada Limited as at June 30, 1979.

(ii) Revenue vehicles acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act, at appraised value. This appraisal was carried out by General Appraisal of Canada Limited as at March 1, 1980.

(iii) Seabuses, the South Shore and North Shore Seabus Terminals, acquired from the Province of British Columbia, at appraised value. The appraisal of the seabuses and the South Shore Seabus Terminal was carried out by General Appraisal of Canada Limited as at July 15, 1980. The appraisal of the North Shore Seabus Terminal land was carried out by General Appraisal of Canada Limited as at April 1, 1981, and of the buildings and improvements as at June 30, 1981.

(iv) The trolley overhead system acquired from British Columbia Hydro & Power Authority for nominal value of $10 on January 1, 1984, at nominal value.

(v) Land, land improvements, buildings and equipment acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act, at appraised value. The appraisals were carried out by General Appraisal of Canada Limited as at the following dates:

Transit Administration Centre — SW Marine Drive	– June 9, 1980
North Shore Bus Garage — land	– April 1, 1981
North Shore Bus Garage — buildings and improvements	– June 30, 1981
Gilmore property — land	– March 15, 1982
Gilmore property — buildings and improvements	– May 15, 1982
Edmonds bus loop — land	– April 1, 1982
Other land	– April 1, 1980
Other buildings and land improvements	– March 1, 1981

All appraisals are fair market value appraisals with the exception of the appraisal of other buildings and land improvements, which are appraised at depreciated replacement cost.

(vi) All costs related to the Advanced Light Rapid Transit (ALRT) and commuter rail projects have been capitalized including interest as indicated in note 2(d). Interest earned on funds received from the Federal and Provincial Governments has been credited to the ALRT project. No depreciation has been provided on these projects.

(vii) All other fixed assets, at cost, including capitalized interest as indicated in note 2(d).

Depreciation is provided on the straight-line basis using the following annual rates:

Furniture and equipment	10%
Leasehold improvements	20%
Revenue vehicles	
Diesel	5%
Appraised revenue vehicles	Remaining useful life
Vehicles under capital leases	Remaining lease term
Buildings	Remaining useful life
Land improvements	Remaining useful life
Equipment	Remaining useful life

(d) Capitalization of interest and amortization of bond discounts

The Authority follows the policy of capitalizing interest and amortization of bond discounts incurred in connection with capital acquisitions from the date of advance of funds until the assets are placed in service for transit purposes. During the year, interest and amortization of bond discounts on long term debt of $55,434,563 were capitalized.

(e) Government assistance

Government assistance received with respect to the Advanced Light Rapid Transit project has been credited to contributed surplus and will be credited to the project upon completion of construction and commencement of revenue service. To March 31, 1984, the amounts of grants received from the Province of British Columbia and the Federal Government total $79,647,000.

(f) Amortization of bond discounts

Bond discounts are amortized on a straight-line basis over the term of the debt.

3. FIXED ASSETS

	1985			1984
	Carrying value ($000)	Accumulated depreciation ($000)	Net ($000)	Net ($000)
Furniture and equipment	$ 430	$ 163	$ 267	$ 264
Leasehold improvements	$ 146	$ 79	$ 67	$ 76
	$ 576	$ 242	$ 334	$ 340

4. LAND, BUILDINGS AND EQUIPMENT

	1985			1984
	Carrying value ($000)	Accumulated depreciation ($000)	Net ($000)	Net ($000)
Land	$ 56,384	$	$ 56,384	$ 52,781
Land improvements	5,042	841	4,201	4,136
Buildings	52,930	6,375	46,555	45,912
Revenue vehicles	55,801	18,727	37,074	40,964
Revenue vehicles under capital leases	77,002	10,241	66,761	71,342
Equipment	1,540	322	1,218	674
Projects in progress	3,679		3,679	6,695
	$ 252,378	$ 36,506	$ 215,872	$ 222,504

5. ADVANCED LIGHT RAPID TRANSIT

	1985 ($000)	1984 ($000)
Vehicles	$ 58,558	$ 37,270
Trackwork and equipment	77,475	20,749
Construction		
Guideway	166,252	80,064
Stations	46,117	4,372
System wide	72,140	31,907
Property and rights-of-way	57,369	46,737
Design engineering and administration	180,309	131,700
	658,220	352,799
Net interest expense	67,602	18,033
	725,822	370,832
Pre-build demonstration	3,602	3,602
Operations and maintenance planning	11,390	
Surrey extension	7,985	
	$ 748,799	$ 374,434

6. NOTES PAYABLE

	1985 ($000)	1984 ($000)
Notes payable	$ 100,000	$ 100,000
Commercial paper with the Province of British Columbia	145,223	
	$ 245,223	$ 100,000

Notes payable totalling $100,000,000 are secured by guarantee of the Province of British Columbia.

7. LONG TERM DEBT

	1985 ($000)	1984 ($000)
Prime less .75% loan payable, Province of British Columbia, interest to be waived as a grant from the Province, principal due on commencement of revenue service of the Advanced Light Rapid Transit system	**$ 55,000**	$ 55,000
Prime less .75% loan payable, interest payable monthly, principal due August 5, 1985	**20,000**	20,000
15.54% Debenture, interest payable semi-annually, sinking fund installments of $378,127 payable annually, due September 10, 2002	**17,304**	17,304
11.53% Debenture, interest payable semi-annually, sinking fund installments of $551,348 payable annually, due May 10, 2003	**25,231**	25,231
11.37% Debenture, interest payable semi-annually, sinking fund installments of $152,964 payable annually, due July 8, 2003	**7,000**	7,000
11.51% Debenture, interest payable semi-annually, sinking fund installments of $164,130 payable annually, due August 10, 2003	**7,511**	7,511
11.65% Debenture, interest payable semi-annually, sinking fund installments of $218,520 payable annually, due November 10, 2003	**10,000**	10,000
12.60% Debenture, interest payable semi-annually, sinking fund installments of $700,859 payable annually, due April 2, 2004	**32,073**	
13.48% Debenture, interest payable semi-annually, sinking fund installments of $1,295,649 payable annually, due May 10, 2004	**59,292**	
13.70% Debenture, interest payable semi-annually, sinking fund installments of $1,155,337 payable annually, due June 8, 2004	**52,871**	
11.125% Bond payable, interest payable annually, sinking fund installments of $1,841,450 payable annually, due December 1, 1998	**50,000**	50,000
8.75% Bond payable, interest payable annually, sinking fund installments of $341,950 payable annually, due January 15, 2009	**25,000**	25,000
	361,282	217,046
Less unamortized discount	**11,694**	12,328
	349,588	204,718
12.25% Serial debenture, interest payable annually, principal repayments of $1,400,000 payable annually commencing January 31, 1991, with a final payment of $7,000,000 due January 31, 1996	**14,000**	14,000
	363,588	218,718
Less current portion	**26,800**	
Long term debt	**$ 336,788**	$ 218,718

Long term debt totalling $77,046,000 is secured by guarantee of the Province of British Columbia.

Sinking fund payments due in each of the next five years are $6,800,334 or a total of $34,001,671.

8. OBLIGATIONS UNDER CAPITAL LEASES

The total obligation under capital leases is $99,730,440, of which $2,748,570 is the principal due within one year.

The obligations under capital leases, which mature at various dates from 1993 to 2004, represent the total present value of future minimum lease payments discounted at the interest rates implicit in the leases at the commencement of the lease term. These rates range from approximately 7½% to 16¼%.

Total minimum lease payments for each of the next five years will be approximately $13,600,000 or a total of $68,000,000. Of these payments, approximately $50,900,000 will constitute interest.

Obligations under capital leases totalling approximately $91,774,000 are guaranteed by the Province of British Columbia.

9. COMMITMENTS

Effective March 31, 1981, the Authority entered into an agreement with Metro Canada Limited for the design and construction of an Advanced Light Rapid Transit system for operation in the Greater Vancouver region. As at March 31, 1984, the total approved price of the project, including design, construction and land acquisition, was approximately $854,400,000, of which $673,214,000 has been incurred to March 31, 1985.

10. CONTINGENT LIABILITY

Pursuant to an agreement dated February 26, 1982, the Authority received $60,000,000 from the Government of Canada to be applied to the Advanced Light Rapid Transit project. The Authority is contingently liable for repayment of some or all of the funds in the event of non-compliance with certain provisions of an agreement.

11. SUBSEQUENT EVENT

Effective June 1, 1985, the British Columbia Transit Amendment Act (No. 2), 1985 merged the Metro Transit Operating Company with British Columbia Transit. Pursuant to the Act, the Authority assumed all property, rights, debts and obligations as well as responsibility for all employees of the operating company.

12. LABOUR RELATIONS

During the year, the labour contract between Metro Transit Operating Company and the Independent Canadian Transit Chain Union, which had expired on March 31, 1983, was renegotiated. The new agreement is for the period April 1, 1983, to March 31, 1987. The terms of the new agreement required wage and benefit increases for the year ended March 31, 1984, in the amount of $2,690,000 which have been charged to operating division expenditures in the current year.

13. COMPARATIVE FIGURES

Certain figures for the prior year have been reclassified to conform with the presentation adopted in the current year.

THORNE
RIDDELL
Chartered Accountants

AUDITORS' REPORT

To the Members of the Board of
British Columbia Transit

We have examined the balance sheet of British Columbia Transit as at March 31, 1985 and the statements of operating division expenditures and recoveries, asset division revenue and expenditures and deficit and contributed surplus, changes in financial position and changes in regional transit funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of British Columbia Transit as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell

Chartered Accountants

Victoria, Canada
June 12, 1985

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